

Message Text

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PAGE 01 JIDDA 04306 151415Z

47

ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 /092 W
----- 048935

R 151300Z JUN 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 1568

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

INFO AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 4306

E.O. 11542: GDS

TAGS: ENGR, ELTN, JO, SA, LE, US

SUBJECT: TAPLINE PROBLEMS APPEAR SOLVED; SAUDI DESIRE FOR
ALTERNATE OUTLETS

REF: A) BEIRUT 6848 AND PREVIOUS; B) AMMAN 2382 AND PREVIOUS;
C) JIDDA 3617

1. FRANK JUNGERS OF ARAMCO HAS TOLD THE AMBASSADOR THAT A
TENTATIVE AGREEMENT HAS BEEN REACHED ON TAPLINE. SHIPMENTS
WILL BE RESUMED TO LEBANON. PAYMENTS IN THE FUTURE WILL BE AT
EITHER THE MARKET VALUE OF OIL IN THE EASTERN MEDITERRANEAN OR
THE RAS TANURA COST PLUS TAPLINE COSTS, WHICHEVER IS LOWER.
ARAMCO WILL BE REIMBURSED FOR OIL ALREADY SHIPPED, PRESUMABLY
BY WAY OF A SAUDI LOAN OR AN OUTRIGHT GIFT TO LEBANON.

2. ARAMCO IS DISPOSED TO GO ALONG. HOWEVER, THEY HAVE
BEEN ASKED TO OPERATE TAPLINE WITHOUT A PROFIT, I.E.
AS A SERVICE. THEY WOULD PREFER TO OPERATE TAPLINE AS
A PROFIT MAKING VENTURE, OF COURSE, BUT WILL PROBABLY
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COMPLY.

3. A SIMILAR ARRANGEMENT WILL BE MADE FOR JORDAN. BACK PAYMENTS WILL ALLOW ARAMCO TO AVOID LOSS, BUT WILL NOT PERMIT ANY PROFIT, SUCH AS WOULD HAVE RESULTED IF THE SIDON POSTED PRICE WERE CHARGED. ARAMCO BELIEVES THE ARRANGEMENT IS THE BEST THEY COULD PROBABLY GET.

4. JUNGERS WENT ON TO SAY THAT THE SAUDIS ARE INTERESTED IN MAINTAINING ALTERNATE OUTLETS TO THE SEA OTHER THAN THE STRAITS OF HORMUZ. THEY HAVE DEFINITELY DECIDED TO CONSTRUCT A NATURAL GAS PIPE LINE ACROSS THE PENINSULA TO YENBO AND MAY VERY WELL DECIDE TO CONSTRUCT A CRUDE LINE. THEY ARE ALSO SERIOUSLY DISCUSSING A PIPE LINE TO THE INDIAN OCEAN FROM THE RUB AL KHALI. JUNGERS ASSUMES THIS WOULD BE VIA OMAN TO TIE INTO THE UNDER-USED OMANI PIPE LINE. THE SAUDIS, HOWEVER, APPEAR TO HAVE OTHER IDEAS (SEE IMMEDIATELY FOLLOWING SEPTTEL).
AKINS

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Message Attributes

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